



To: Joel Boyd, Superintendent
From: Billie Jo Turner, Assistant Superintendent of Finance
RE: Budget Update
Date: December 4, 2020

The FY21 state budget process is still ongoing due to the pandemic and economic crisis. The Senate Ways and Means Budget Proposal was recently released and the cherry sheet shows that they maintained the House Budget proposed amount of \$166,954,483. In other words, we have not suffered any additional reductions. Despite the significant financial concerns, we project savings again this year. Due to hiring freezes, we may see up to \$4,500,000 in possible salary savings. Due to the minimal in person instruction, bus use was drastically reduced. The budget was built with 66 regular ed buses. Only 50 were scheduled with the bus company due to expected remote learning. Of those, only 35 were shortly used before remote instruction began. Thus, there is at least a \$2,000,000 savings with transportation. The substitute account will also see a savings of nearly \$1,000,000. Currently, the health insurance line shows a surplus which is a result of the hiring freeze as well. All in all, the total savings are projected to be approximately \$7,500,000.

As presented previously, our revolving account balances are now at a healthy level. In October of 2018, an agreement was made with DESE to replenish the depleted Food Service revolving account by the \$2.1 million that was incorrectly charged to the account between FY16-18. The original repayment plan was to occur over 4 years to avoid a detrimental impact to the budget. It took 1.5 years instead. The current cash balance for food service is \$3.5 million. Since we are only allowed to have 3 months of operating expenses in this account, we should only have \$2.4 million. Thus, this revolving account has a surplus that could be reinvested in kitchen equipment and other food service needs. The Circuit Breaker account's current balance is \$4.1 million and is expected to maintain a healthy balance of \$3.5 million despite the budgeted offset to this account to balance the FY21 budget. All in all, our revolving accounts are projected to maintain the improved balances except for when the rules include limits.

The projected savings will require additional analysis to help with projected budget considerations. The savings listed above can be used to maintain revolving account balances, lift the hiring freeze and fund the costs associated with digital learning. We could also offset FY22 costs such as curriculum, supplies and annual technology costs by pre-purchasing as we did with the FY21 budget. Another consideration that is important while strategizing spending is that the FY22 revenue may be significantly reduced due to an enrollment decline of at least 412 students on the October 1st data. Such a decline would result in a revenue reduction of over \$5 million since the per pupil foundation rate is \$13,377 currently. We are hoping that there will be legislation to hold us harmless with the "pandemic caused enrollment reductions" but must plan for otherwise as well. All in all, we will update both the projected savings and needs monthly so we can maximize opportunities through constant planning.